



Iowa General Assembly

2012 Committee Briefings

Legislative Services Agency – Legal Services Division

<https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=849>

MENTAL HEALTH AND DISABILITY SERVICES REDESIGN FISCAL VIABILITY STUDY COMMITTEE

Meeting Dates: [January 11, 2013](#) l [December 18, 2012](#)

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <https://www.legis.iowa.gov/index.aspx>, or from the agency connected with the meeting or topic described.*

MENTAL HEALTH AND DISABILITY SERVICES REDESIGN FISCAL VIABILITY STUDY COMMITTEE

January 11, 2013

Co-Chairperson: Senator Joe Bolkcom

Co-Chairperson: Representative Renee Schulte

Background. The Mental Health and Disability Services (MH/DS) Redesign Fiscal Viability Study Committee was created by the Legislative Council for the 2012 interim and charged to analyze the fiscal viability of the mental health and disability services redesign provisions enacted in the 2012 Legislative Session. The committee was authorized to hold two meetings, scheduled for December 18, 2012, and January 11, 2013. At this meeting the committee considered reports of various studies required in connection with the redesign legislation (2012 Iowa Acts, chapter 1120 (SF 2315)), discussed reports submitted by the Department of Human Services (DHS), reviewed financial information provided by the Legislative Services Agency (LSA), heard comments from a panel of county representatives, and approved recommendations.

Jail Diversion—Mental Health Courts Study. Mr. Paul Stageberg, Administrator, Division of Criminal and Juvenile Justice Planning, Department of Human Rights, discussed this study which was performed in accordance with 2012 Iowa Acts, chapter 1079 (SF 2312). The report recommendations include a request for the state to dedicate resources to inventory and conduct evaluations on jail diversion and mental health courts in Iowa, including cost-benefit analyses. In discussion, it was suggested there would be significant interest by community-based corrections programs in implementing jail diversion and mental health courts.

Third-Party Coverage Sources for Adults with a Developmental Disability (DD) or Brain Injury (BI). Mr. Rick Shults, Administrator of the MH/DS Division, DHS, discussed this report which was required by the redesign legislation. He explained that for the most part, third-party coverage does not cover home and community-based services (HCBS), long term care and supports, and intensive rehabilitation and recovery services and supports but instead covers acute care immediately following an injury. Consequently, the DHS report provides cost estimates for expanding the existing Medicaid HCBS waiver for persons with BI and the existing Medicaid waiver for persons with an intellectual disability to cover other developmental disabilities.

Brain Injury Workgroup. Mr. Tom Brown, workgroup co-chair, discussed the workgroup's priorities for enhancing services for persons with BI. The priorities include appropriating new funding to expand neuroresource facilitation services to assist persons with BI in accessing services, to cover state staff in the Department of Public Health to work with BI policy, to support training of providers, and to eliminate the waiting list for the Medicaid BI waiver.

Adult Crisis and Stabilization Center Pilot Program. Mr. Bob Lincoln, Administrator, County Social Services (CSS), an 18-county region in north central Iowa. CSS is operating this 10-bed pilot in Black Hawk County in conjunction with the two hospitals serving the Waterloo area. The hospitals' emergency departments refer persons to the program where the average length of stay is four to five days and costs are approximately \$225 per day. It was noted that the pilot is operating with a licensing exemption, partly as a way of identifying licensing requirements for such facilities.

Update on County Regionalization. Ms. Linda Hinton, Government Relations Manager, Iowa State Association of

Counties (ISAC) was joined by Mr. Shults in discussing the current status of counties with tentative agreements to join together in regions and a map depicting the agreements. The deadline for formal letters of intent for counties to voluntarily join in a region is April 1, 2013. DHS and ISAC will be working together to provide regionalization technical assistance to counties prior to the application deadline. The DHS Director will consider county applications for an exemption from the requirement that a region must comprise at least three counties, but the director is not authorized to grant an exemption from the requirement that counties must be contiguous.

MH/DS Funding Overview. Mr. John Pollak, LSA Legal Services Division, and Mr. Jess Benson, LSA Fiscal Services Division, provided an overview of the funding requirements associated with the redesign legislation. Mr. Pollak discussed the property tax levy limits in the legislation, the two-year time frame covered, and the equalization funding provisions for those counties with a current levy below the per capita target amount identified in the legislation. Mr. Benson recapped the shifting of funding from counties in order for DHS to assume responsibility for funding of Medicaid MH/DS services in place of counties, the property tax funding to be used by counties to fund non-Medicaid services, and financial considerations for replacing legal settlement with residency as the basis for determining county financial responsibility for MH/DS effective on July 1, 2013.

DHS Transition Fund Report. This report was previously discussed at the study committee's December meeting. Director Palmer, Mr. Shults, and Ms. Hinton were joined by Ms. Jean Slaybaugh, DHS Chief Financial Officer, for this discussion. The discussion included the requests by counties for sufficient funding to begin FY 2013-2014 with an ending balance from the previous fiscal year in order to pay service bills until property tax levy revenues are paid in September, whether legislation is needed to require counties to pay remaining Medicaid billings to the state, and the reluctance of counties with positive fund balances to enter into regional agreements with counties with negative balances.

Transition Committee Report. This report was discussed by Mr. Lincoln and Director Palmer, committee co-chairs. The committee had previously provided input to DHS concerning administrative rules relating to the Transition Fund, readiness criteria for regional operations, waivers for single or dual county regions, and other regional formation, implementation, and operational issues and requirements. Much of the discussion concerned the Transition Committee's recommendations for legislative action, summarized as follows:

1. Develop and approve a Transition Fund allocation method that uses the entire available CHIP contingency fund for the transition and unintended consequences related to redesign of Iowa's mental health delivery system passed by the 2012 Legislature.
2. Provide that no child or adult consumer loses services as a result of the transition.
3. Establish the \$47.28 per capita amount as the guidance for counties in determining their budget for MH/DS services and provide for the equalization funding as soon as possible.
4. Award equalization funding up to the \$47.28 level to regions as opposed to individual counties.
5. The study committee should establish an appeals process for counties requesting an exemption from joining a region if the Chapter 17A appeals process is deemed not effective.
6. Set aside the statutory requirement for counties to submit a strategic plan for state fiscal year 2013-2014 as counties move to regionalization. The current county management plan will stay in place.
7. The study committee should begin to look at systemic barriers to implementing co-occurring and multi-occurring service development and coordination strategies.
8. Set June 30, 2013, as the end date for identifying county obligations for Medicaid bills. After that date, the state would receive any credits and pay any obligations resulting from retroactive cost adjustments, etc. This would allow counties to move forward with budgeting.
9. Authorize DHS to allocate to counties (regions) for state fiscal year 2013-2014 the money that is used for the current state payment program for services for individuals who are 100 percent county funded.
10. Authorize individuals in the community corrections system to have access to regional MH/DS services and provide for funding to pay for the access to these services.

Non-Medicaid MH/DS Services Provided by Counties—ISAC Panel. The ISAC panel consisted of Ms. Hinton; Ms. Linda Langston, Linn County Supervisor; Ms. Lonnie Maguire, Shelby, Harrison, and Monona County Central Point of Coordination Administrator (CPC); Ms. Deb Schildroth, Story County CPC; Ms. Lisa Rockhill, Lyon/Osceola CPC; and Mr. Bill Peterson, ISAC Executive Director. Ms. Schildroth and other panelists related scenarios describing persons receiving non-Medicaid services through the county system, either because the person is not eligible for Medicaid or the services are not covered by Medicaid, or both. It was agreed that Mr. Benson would work with ISAC staff in developing financial information concerning the costs of services and county waiting lists.

DHS Budget Proposal for New Regional Services Fund. Ms. Slaybaugh and Mr. Shults led this discussion. The proposal for FY 2013-2014 largely consists of federal Social Services Block Grant funding to be designated for core services and the proposal for FY 2014-2015 continues the federal funding and adds another \$25 million in state funding

for growth in services and for new additional core services: comprehensive crisis services and precommitment screening. ISAC's written comments expressed concern about the sufficiency of the funding for the first fiscal year and was in support of the second fiscal year funding proposal.

Public Comment. The study committee heard public comment at the end of the morning and near the end of the meeting from individuals, service providers, and representatives of organizations. Those providing input included CPCs, MH/DS/BI policy body members, and residential care facility providers.

Recommendations. With significant discussion, the study committee made the following recommendations:

1. That up to \$20 million be designated for the Transition Fund created in 2012 Iowa Acts, chapter 1120 (SF 2315), to be available for counties to apply for in fiscal year 2012-2013. The provision for the designation along with distribution criteria should be included in legislation providing supplemental appropriations or other legislation enacted early in the 2013 Legislative Session.
2. That a request be made for continuation of the study committee.
3. That the General Assembly engage with the Governor in identifying the essential benefits package for the health insurance exchange and the Medicaid program in this state as provided for in the federal Patient Protection and Affordable Care Act (PPACA).
4. That on or before February 1, 2013, the Department of Human Services propose criteria and options for counties to repay their Medicaid and State Resource Center billings from the state at a time beyond fiscal year 2012-2013.
5. That on or before February 1, 2013, the Iowa State Association of Counties recommend options for counties to develop and maintain an appropriate ending balance for their county mental health and disabilities services funds.
6. That study committee members and other interested members of the Senate and House of Representatives continue to meet informally as a workgroup on a regular basis to continue addressing MH/DS redesign issues.
7. That the Legislative Services Agency prepare draft legislation to implement the recommendations submitted to the study committee by the redesign workgroups and committees so that the legislation can be considered by the informal legislative workgroup.
8. That work activity services continue to be part of the MH/DS administered by counties.

LSA Staff: John Pollak, Legal Services, (515) 281-3818; Patty Funaro, Legal Services, (515) 281-3040; Amber DeSmet, Legal Services, (515) 281-3745.

Internet Page: <https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=849>

MENTAL HEALTH AND DISABILITY SERVICES REDESIGN FISCAL VIABILITY STUDY COMMITTEE

December 18, 2012

Co-Chairperson: Senator Joe Bolkcom

Co-Chairperson: Representative Renee Schulte

Background. The Mental Health and Disability Services (MH/DS) Redesign Fiscal Viability Study Committee was created by the Legislative Council for the 2012 interim and charged "to analyze the fiscal viability of the mental health and disability services redesign provisions enacted in the 2012 Legislative Session." The committee was authorized to hold two meetings, scheduled for December 18, 2012, and January 11, 2013. At this meeting the committee heard from various workgroups created pursuant to the redesign legislation (2012 Iowa Acts, chapter 1120 (SF 2315)), received reports from the Department of Human Services (DHS), reviewed financial information provided by the Legislative Services Agency (LSA), and heard comments from a panel of county representatives.

Children's Disability Services Workgroup Final Report. This workgroup began meeting during the 2011 interim and its chairpersons, Dr. Mark Peltan, clinical psychologist, and Ms. Jennifer Vermeer, Medicaid Director, DHS, made the report. The report recommends statutory creation of a children's cabinet in state government to support the creation of specialized health homes for children with a serious emotional disturbance and co-occurring disorders and expand to developing a comprehensive, coordinated system for all children. The specialized health home approach is consistent with existing pilot projects for children with serious emotional disturbances utilizing "systems of care" approaches. DHS has been working on a Medicaid state plan amendment for the specialized health homes to utilize the special 90/10 funding authorized for health homes under the federal Accountable Care Act (health care reform law).

Judicial Branch and DHS Workgroup. This workgroup has met annually beginning with the 2010 Legislative Interim and its co-chair, Mr. David Boyd, State Court Administrator, made the report. The recommendations are summarized as

follows:

- Modify the application for involuntary commitment so that it is the same for Iowa Code chapter 125 (substance-related disorders) and Iowa Code chapter 229 (hospitalization of persons with mental illness).
- Require the offer of a precommitment screen before the filing of an application for involuntary commitment for a substance-related disorder or mental illness.
- Sunset the statute for the involuntary commitment process under Iowa Code chapter 222 for persons with an intellectual disability. The use of the process is infrequent since the need is filled primarily through guardianships.
- Modify the Iowa Code chapters for involuntary commitment to reflect community-based services language. Current language references an institutional system.
- Shift responsibility for the statewide Mental Health Advocates Program to become a unit attached to the Department of Inspections and Appeals (DIA).
- Consider assignment of advocates for persons committed for substance-related disorders after the DIA unit is in place.
- Consider assignment of advocates for persons who have been found not guilty of a crime by reason of insanity after the DIA unit is in place.
- Ensure that adequate funding for the workgroup recommendations is provided.
- Implement a system for identifying the beds available in the state for involuntary commitment.
- Provide for regional core services to include justice-involved services of mental health courts with diversion and conditions of sentencing models and a jail diversion program.
- A qualified professional workforce is necessary to provide needed services to persons with mental health and substance-related disorders, both in rural and urban areas of the state.
- Adopt various recommendations of the Judicial Advocates for Persons with Mental Illness, including appointment of advocates based on residence, physician reporting forms, authorization for advocates to attend hearings, and for preferred qualifications of advocates.

Outcomes and Performance Measures Committee Report. This committee report was provided by its co-chairs, Mr. Rick Shults, DHS Division Administrator, and Mr. Bob Bacon, University of Iowa Center for Excellence on Disabilities. Mr. Shults also chaired the Service System Data and Statistical Information Workgroup and was able to provide information to both bodies so that the reports are integrated. This workgroup's recommendations are summarized as follows:

- DHS should develop an Internet-based dashboard report to demonstrate the performance and effectiveness of Iowa's system.
- Outcomes and performance measures should fall within six domains: Access to Services, Life in the Community, Person-centeredness, Health and Wellness, Quality of Life and Safety, and Family and Natural Supports.
- DHS should use a survey process to collect and evaluate information directly from individuals and families receiving services and from the providers delivering these services.
- DHS should convene a group of experts in survey development and outcomes and performance measurement to design the survey and assist in piloting the tool. The survey should be tested for validity and reliability, and stakeholders should have the opportunity to review the instrument as it is developed.
- DHS should develop a budget that identifies the costs of implementing the outcomes and performance measurement system.
- Only data that will be used should be collected, and DHS should convene a team to identify what information will no longer be collected.
- Outcomes and performance measures should be reflective of the disability populations identified in SF 2315 and address all co-occurring disabilities.
- Future decisions should be based on the information collected from the outcomes and performance measures system.
- Outcomes and performance measures should be evaluated across both Medicaid and non-Medicaid systems.
- Surveys should be conflict-free, meaning individuals and their family members will not be placed in a position to answer questions about outcomes and quality of services from those who directly provide services.

This workgroup will continue meeting in 2014 and the recommendations will be implemented in stages.

Service System Data and Statistical Information Workgroup. This workgroup report was presented by its co-chairs, Mr. Shults, Mr. Robin Harlow, Iowa State Association of Counties (ISAC) Technology Manager, and Ms. Kathy Stone, Division Director, Iowa Department of Public Health (DPH). This workgroup's recommendations are summarized as follows:

- Entities within the MH/DS system will not be required to use the same operational/transactional system.
- Operational/transactional systems need to have the capability to exchange information. Information that is exchanged needs to be labeled consistently and have the same definition.

- The central data warehouse should have the capability to match an individual's information from different sources using a unique individual identifier.
- Privacy and security needs to be maintained consistent with defined roles and responsibilities.
- DHS should house and manage the data warehouse and be given guidance from key stakeholders.
- Efforts should be made to integrate the central data warehouse with other electronic data information exchange systems being implemented statewide.
- An organized, coordinated effort among all MH/DS stakeholders should be in place to minimize the cost of operational/transactional systems now and in the future.

In discussion, Representative Miller and others asked for estimates of the cost to implement the workgroup recommendations. Senator Hatch also asked for information about integrating this information system with the Health Information Network being implemented in the state through DPH to include patients' electronic health records.

Transition Committee Update—Regional Groupings. The Transition Committee recommendations will not be complete until a final meeting is held on December 20, 2013. During this portion of the meeting, there was a discussion of a map produced by ISAC with the assistance of LSA staff that showed the status of tentative county groupings into regions. Regionalization applications are not due until April 1, 2013.

Several issues were discussed. Some of the counties in the groupings are contiguous at corners rather than having a contiguous border. Director Palmer noted that the department's authority to provide exemptions and waivers for various regionalization requirements does not extend to the requirement for counties in a region to be contiguous.

Several members expressed concern that while the term "regional administrator" is used in the legislation when assigning responsibilities, similar to that of a department of state government, many legislators thought accountability for the responsibilities would rest with an individual, similar to the role of a department director. Some regional groupings are contemplating having the administrator role being exercised by a committee or as a rotating office among the participating counties. Others discussed what might happen if the voluntary process results in a county becoming isolated due to being surrounded on all sides by counties that are not regionally grouped with that county and noted that the DHS director is authorized to assign a county to a region. Several raised concerns about administrative costs, noting that DHS and LSA are to work together to make a recommendation and that an appropriate dollar amount must be identified in order to identify a percentage amount as a cap.

DHS Budget Proposal for New Regional Services Fund. DHS Chief Financial Officer, Ms. Jean Slaybaugh was available to respond to questions. The budget proposal recommends the fund be used in FY 2013-2014 to assist counties with residential support, vocational programs, mental health treatment, and institution and commitment services and in FY 2014-2015 to support regions with financial assistance with required core services, new comprehensive crisis services, and new precommitment services.

ISAC Panel. A panel affiliated with ISAC participated in the afternoon discussion. The panel membership included: Ms. Sarah Kaufman, Henry County Central Point of Coordination Administrator (CPC); Mr. Mike Johannsen, Muscatine County CPC; Ms. Deb Schildroth, Story County CPC; Ms. Lisa Rockhill, Lyon/Osceola County CPC; Ms. Linda Langston, Linn County Supervisor; and Mr. Bill Peterson, ISAC Executive Director. Mr. Palmer and Mr. Shults represented DHS in the discussion of the Transition Fund Report and other items involving county and regional finances.

DHS Transition Fund Report. The Transition Fund was created in the system redesign legislation. DHS was directed to implement an application process and submit a report with recommendations to the General Assembly and Governor on an amount to be appropriated to the fund for distribution and use in FY 2012-2013 to support the costs of services in current county management plans. DHS identified a list of principles applied in making its recommendations on the 32 county applications received. Part of the financial analysis focused on the amounts of outstanding billings owed by counties to the state for the nonfederal share of Medicaid services funded in previous fiscal years. The principles also assumed a county would use all funding available to pay its obligations for FY 2012-2013 and would begin the succeeding fiscal year with a zero balance. In applying the principles to make recommendations, DHS submitted three scenarios with a dollar value of approximately \$11.6 million, \$3.8 million, and \$1.5 million, respectfully. It was noted that the potential funding source for the Transition Fund that was identified by the General Assembly to be available for appropriation is from approximately \$20 million moneys available to the state from the federal Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

The panel and committee discussion included the following:

- **Transition Fund Applications.** Counties were directed to apply on the basis of cash accounting and to provide accrual accounting information but were not asked for a specific figure on the amount of Transition Fund moneys thought to be needed.
- **DHS Transition Fund Scenarios.** Several committee members are concerned that the DHS scenarios will result in persons currently covered under county management plans being denied services and want additional information from DHS on the amounts necessary to prevent such denials and implementation of waiting lists.

- **Equity.** Other committee members cautioned that the goal of reaching equity in implementing the regional system redesign could result in denial of services in counties providing services or covering populations not addressed elsewhere.
- **Insufficient Funding.** Several county representatives said their counties cannot pay for both the Medicaid billings and cover current services with the existing amount of money available for FY 2012-2013.
- **Commission Recommendation.** It was noted that the Mental Health and Disability Services Commission formally recommended that the support from the Transition Fund should not be less than the \$11.6 million amount in DHS Scenario One.
- **Financial Information.** Mr. Jess Benson, LSA, distributed a spreadsheet with county levy data, including property valuations, population amounts, current MH/DS levy rates, new maximum rates beginning in FY 2013-2014, and equalization payment levels. In addition, he distributed another map depicting those counties with negative fund balances at the close of FY 2011-2012 (18 counties), those that applied for Transition Fund assistance (32 counties), and those that have a current levy rate in excess of the new maximum rate for FY 2013-2014 of \$47.28 per capita (12 counties).
- **New Levy Rates.** Several members raised concerns that the new maximum levy rate may be insufficient to fund necessary services and for expansion to other populations in need of services such as persons with brain injury (BI) or a developmental disability (DD) other than intellectual disability. There was a request for more options to be developed by DHS and others for the next committee meeting.
- **County Budget Deadlines.** County officials explained that due to legal publication deadline requirements, decision making on county budgets must be completed much earlier than the March 15 statutory date, and as early as February 10-20 in areas with only weekly newspapers of record. There is concern among counties that the state will not appropriate the approximately \$28 million needed for equalization payments but this amount will be assumed in the county budget process. Mr. Peterson noted that after the certification date has passed, counties can only amend their budgets to reduce levy rates but not increase them. The county budget dates do not mesh well with the legislative budgeting timelines.
- **Legal Settlement.** On July 1, 2013, the redesign statute provides for a shift in financial responsibility from an approach based upon the legal settlement to one based on a person's residency. A group of county representatives has been meeting to identify and address issues with this shift. One of the panelists raised concerns about areas with a large number of college students who may have mental health needs but are not legal residents.
- **Sheltered Workshops.** Medicaid does not cover this approach for providing employment for persons with disabilities. There was concern expressed that the Medicaid rates to reimburse supported employment are not adequate to cover provider costs.

Public Comment. Several members of the public offered comments, including the following:

- Ms. Rhonda Shouse, a parent of a child with a disability, emphasized the importance of audio streaming the committee deliberations on the Internet and involving the family members of persons with a disability in the decision making on services.
- Mr. Lynn Ferrell, Polk County Health Services, expressed concerns about the DHS Transition Fund assumptions that counties would need to spend down their fund balance to zero by the close of FY 2012-2013, noting that this would result in delays of provider payments in the succeeding fiscal year of at least three months. He also expressed concern that Polk County be able to continue coverage of adults with DD and of children with mental health issues.
- Ms. Threase Harms, representing Easter Seals and the Brain Injury Association of Iowa, encouraged the committee to ensure full funding of the Transition Fund needs and to consider the needs of persons with DD or BI for coverage.
- Ms. Teresa Bomhoff, Iowa Alliance for the Mentally Ill and the Mental Health Planning Council, offered a number of suggestions regarding the Transition Fund, expressing concerns about the adequacy of funding for regions.

Next Meeting. The second and final committee meeting is scheduled for Friday, January 11, 2013.

LSA Staff: John Pollak, Legal Services, (515) 281-3818; Patty Funaro, Legal Services, (515) 281-3040; Amber DeSmet, Legal Services, (515) 281-3745.

Internet Page: <https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=849>